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United States Department of Agriculture  
SERVICE AND REGULATORY ANNOUNCEMENTS No. 90  
(AGRICULTURAL ECONOMICS)

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REGULATIONS  
OF THE SECRETARY OF AGRICULTURE  
UNDER THE  
UNITED STATES WAREHOUSE ACT OF  
AUGUST 11, 1916, AS AMENDED

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REVISED REGULATIONS  
FOR WAREHOUSEMEN STORING TOBACCO

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APPROVED JANUARY 30, 1925  
ISSUED MARCH 8, 1925

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WASHINGTON : GOVERNMENT PRINTING OFFICE : 1925



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UNITED STATES DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
Washington, D. C.

By virtue of the authority vested in the Secretary of Agriculture by the United States warehouse act, approved August 11, 1916 (39 U. S. Stat. L., p. 486), as amended, I, Howard M. Gore, Secretary of Agriculture, do make, prescribe, publish, and give public notice of the following rules and regulations, to be known as the Regulations for Warehousemen Storing Tobacco, to be in force and effect until amended or superseded by rules and regulations hereafter made by the Secretary of Agriculture, under said act. These rules and regulations shall supersede rules and regulations issued under said act heretofore for warehousemen storing tobacco under said act.

In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 30th day of January, 1925.

[SEAL.]

*Howard M. Gore*

Secretary.



# REGULATIONS FOR WAREHOUSEMEN STORING TOBACCO UNDER THE UNITED STATES WAREHOUSE ACT

## Regulation 1. Definitions

Definitions.

**SECTION 1.** Words used in these regulations in the singular form shall be deemed to import the plural, and vice versa, as the case may demand. Words import singular or plural.

**SEC. 2.** For the purposes of these regulations, unless the context otherwise require, the following terms shall be construed, respectively, to mean— Terms construed.

*Paragraph 1. The act.*—The United States warehouse act, approved August 11, 1916 (39 U. S. Stats. at L., pp. 446, 486) as amended. The act.

*Paragraph 2. Person.*—An individual, corporation, partnership, or two or more persons having a joint or common interest. Person.

*Paragraph 3. Secretary.*—The Secretary of Agriculture of the United States. Secretary.

*Paragraph 4. Regulations.*—Rules and regulations made under the act by the Secretary. Regulations.

*Paragraph 5. Bureau.*—The Bureau of Agricultural Economics of the United States Department of Agriculture. Bureau.

*Paragraph 6. Warehouse.*—Unless otherwise clearly indicated by the context, any suitable building, structure, or other protected inclosure in which tobacco is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which tobacco is or may be stored and for which a license has been issued under the act. Warehouse.

*Paragraph 7. Warehouseman.*—Unless otherwise clearly indicated by the context, any person lawfully engaged in the business of storing tobacco and holding a warehouse license. Warehouseman.

*Paragraph 8. License.*—A license issued under the act by the Secretary. License.

*Paragraph 9. Type.*—Anyone of the main classes of tobacco having certain peculiar characteristics which will permit of its being divided into a single system of grades. Type.

*Paragraph 10. Grade.*—Anyone of the divisions of a type, which may be a combination of any or all of the four factors, group, quality, color, and length. Grade.

*Paragraph 11. Form.*—The designation of the stage of preparation of tobacco, such as unstemmed, stemmed, stems, etc. Form.

*Paragraph 12. Condition.*—Any state of tobacco which is not covered by form or grade and which has a material bearing on its value, including its keeping quality. Condition.

Sampler or inspector.

*Paragraph 13. Sampler or inspector.*—A person licensed under the act by the secretary to sample or to inspect, and to certificate the condition of tobacco.

Grader.

*Paragraph 14. Grader.*—A person licensed under the act by the Secretary to grade and to certificate the type, grade, form, and condition of tobacco.

Weigher.

*Paragraph 15. Weigher.*—A person licensed under the act by the Secretary to weigh and to certificate the weight of tobacco.

Package.

*Paragraph 16. Package.*—A hogshead, tierce, case, or other unit.

Official sample

*Paragraph 17. Official sample.*—A sample of a package of tobacco, drawn, tagged, and prepared by a sampler in accordance with regulation 7.

Receipt.

*Paragraph 18. Receipt.*—A warehouse receipt.

State.

*Paragraph 19. State.*—A State, Territory, or District of the United States.

### Regulation 2. Warehouse Licenses

Application form.

SECTION 1. Applications for licenses and for modifications or extensions of licenses under the act shall be made to the Secretary upon forms prescribed for the purpose and furnished by the bureau, shall truly state the information therein contained, and shall be signed by the applicant. The applicant shall at any time furnish such additional information as the Secretary or his representative shall find to be necessary to the consideration of his application.

Grounds for not issuing licenses.

SEC. 2. A license for the conduct of a warehouse shall not be issued if it be found by the Secretary that the warehouse is not suitable for the proper storage of tobacco, that the warehouseman is insolvent or is incompetent to conduct such warehouse in accordance with the act and these regulations, or that there is any other sufficient reason within the purposes of the act for not issuing such license.

Net assets required.

SEC. 3. Each warehouseman conducting a warehouse licensed, or for which application for license has been made, shall have and maintain, above all exemptions and liabilities, net assets liable for the payment of any indebtedness arising from the conduct of the warehouse, to the extent of at least \$5 per 1,000 pounds of the maximum number of pounds of tobacco that the warehouse will accommodate when stored in the manner customary to the warehouse, as determined by the chief of the bureau, except that the amount of such assets shall not be less than \$5,000 and need not be more than \$100,000. In case such warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, such warehouses shall be deemed to be one warehouse for the purposes of the assets required under this section. For the purposes of this section only, paid-in capital stock, as such, shall not be considered



a liability. A deficiency in such assets may be supplied by an increase in the amount of the licensed warehouseman's bond in accordance with regulation 3, section 2, paragraph 2.

SEC. 4. Immediately upon receipt of his license or of any modification or extension thereof under the act, the warehouseman shall post the same, and thereafter, except as otherwise provided in these regulations, keep it posted until suspended or terminated, in a conspicuous place in the principal office where receipts issued by such warehouseman are delivered to depositors.

License or extension shall be posted.

SEC. 5. Pending investigation, the Secretary, whenever he deems necessary, may suspend a warehouseman's license temporarily without hearing. Upon written request and a satisfactory statement of reasons therefor, submitted by a warehouseman, the Secretary may, without hearing, suspend or cancel the license issued to such warehouseman. The Secretary may, after opportunity for hearing, when possible, has been afforded in the manner prescribed in this section, cancel a license issued to a warehouseman when such warehouseman (a) is bankrupt or insolvent, (b) has parted, in whole or in part, with his control over the licensed warehouse, (c) is in process of dissolution or has been dissolved, (d) has ceased to conduct such licensed warehouse, or (e) has in any other manner become nonexistent or incompetent or incapacitated to conduct the business of the warehouse. Whenever any of the conditions mentioned in subdivisions (a) to (e) of this section shall come into existence it shall be the duty of the warehouseman to notify immediately the chief of the bureau of the existing condition. Before a license is revoked or canceled for any violation of or failure to comply with any provision of the act or of these regulations or upon the ground that unreasonable or exorbitant charges have been made for services rendered, the warehouseman involved shall be furnished by the Secretary, or by an official of the Department of Agriculture designated for the purpose, a written statement specifying the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with regulation 10, section 4.

Suspension, cancellation, or revocation of warehouse licenses.

SEC. 6. If a license issued to a warehouseman terminates or is suspended, revoked, or canceled by the Secretary, it shall be returned to the Secretary when requested. At the expiration of any period of suspension of such license, unless it be in the meantime revoked or canceled, the dates of the beginning and termination of the suspension shall be indorsed thereon, it shall be returned to the licensed warehouseman to whom it was originally issued, and it shall be posted as prescribed in section 4 of this regulation.

Return of terminated, suspended, revoked, or canceled warehouse license.

SEC. 7. Upon satisfactory proof of the loss or destruction of a license issued to a warehouseman, a duplicate

Lost or destroyed warehouse licenses.

thereof may be issued under the same or a new number in the discretion of the Secretary.

Unlicensed warehousemen must not represent themselves as licensed.

SEC. 8. No warehouse or its warehouseman shall be designated as licensed under the act and no name or description conveying the impression that it or he is so licensed shall be used either in a receipt or otherwise, unless such warehouseman holds an unsuspended, unrevoked, and uncanceled license for the conduct of such warehouse.

### Regulation 3. Warehouse Bonds

Time of filing.

SECTION 1. Unless the warehouseman has previously filed with the Secretary the necessary bond required by section 2 of this regulation, he shall file such bond within a time, if any specified by the Secretary, said bond to cover all obligations arising thereunder during the period of the license.

Amount required.

SEC. 2. *Paragraph 1.* Exclusive of any amount which may be added in accordance with paragraphs 2 and 3 of this section, the amount of such bond shall be at the rate of \$5 per 1,000 pounds of the maximum number of pounds of tobacco that the warehouse will accommodate when stored in the manner customary to the warehouse, as determined by the chief of the bureau, but not less than \$5,000 nor more than \$50,000. In case a warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, and shall desire to give a single bond meeting the requirements of the act and these regulations for the said warehouses, such warehouses shall be deemed to be one warehouse for the purposes of the bond required under this regulation.

Additional amount for deficiency in assets.

*Paragraph 2.* In case of a deficiency in net assets under regulation 2, section 3, there shall be added to the amount ascertained in accordance with paragraph 1 of this section an amount equal to such deficiency.

Additional amount may be required.

*Paragraph 3.* If the Secretary finds the existence of conditions warranting such action, there shall be added to the amount ascertained in accordance with paragraphs 1 and 2 of this section a further amount, fixed by him to meet such conditions.

Extension or modification of license and additional bond.

SEC. 3. If an application is made under regulation 2, section 1, for a modification or an extension of a license and no bond previously filed by the warehouseman under this regulation covers obligations arising during the period of such modification or extension, the warehouseman shall, when notice has been given by the Secretary that his application for such modification or extension will be granted upon compliance by such warehouseman with the act, file with the Secretary, within a time, if any, fixed in such notice, a bond complying with the act, unless bond in sufficient amount has been filed since the filing of such application. In the discretion of the Secretary, a properly executed instrument in form approved by him, amending, extending, or continuing in



force and effect the obligations of a valid bond previously filed by the warehouseman and otherwise complying with the act and these regulations, may be filed in lieu of a new bond.

SEC. 4. Whenever a license has been issued for a period longer than one year, such license shall not be effective beyond one year from its effective date unless the warehouseman shall have filed a new bond in the required amount with, and such bond shall have been approved by, the Secretary prior to the date on which that license would have expired had it been issued for but one year, subject to the provisions of section 3 of this regulation.

New bond required to continue license beyond one year.

SEC. 5. No bond, amendment, or continuation thereof shall be deemed accepted for the purposes of the act and these regulations until it has been approved by the Secretary or his duly authorized representative.

Approval of bond.

#### Regulation 4. Warehouse Receipts

SECTION 1. *Paragraph 1.* Every receipt, whether negotiable or nonnegotiable, issued for tobacco stored in a licensed warehouse shall, in addition to complying with the requirements of section 18 of the act, embody within its written or printed terms the following: (a) the name of the warehouseman and the designation, if any, of the warehouse, (b) the license number of the warehouseman, (c) the number of the bonded compartment, if any, in which the tobacco is stored, (d) a statement whether the warehouseman is incorporated or unincorporated, and, if incorporated, under what laws, (e) the identification number given to each package in accordance with regulation 5, section 8, (f) a statement, conspicuously placed, indicating whether the tobacco is insured by the warehouseman, and, if insured, to what extent against loss or damage by fire, lightning, or tornado, and (g) the words "Negotiable" or "Not negotiable," according to the nature of the receipt, clearly and conspicuously printed or stamped thereon.

Contents of warehouse receipts.

*Paragraph 2.* Every receipt, whether negotiable or nonnegotiable, issued for tobacco stored in a warehouse shall specify a period, not exceeding three years, for which the tobacco is accepted for storage under the act and these regulations, but, upon demand and the surrender of the old receipt by the lawful holder thereof at or before the expiration of the specified period, the warehouseman, so far as the available capacity of his warehouse then permits and upon such lawful terms and conditions as may be granted by him at such time to other depositors of tobacco in the warehouse, (a) if he then continue to act as a licensed warehouseman, shall either issue a new receipt for a further specified period not exceeding three years, provided it is actually determined by a licensed grader that the tobacco has not deteriorated and that it is in proper condition for further storage, or (b) if he then continue to act as a public

Storage period.

warehouseman, but not as a licensed warehouseman, he may issue a new nonlicensed receipt.

Indorsement  
form required on  
negotiable re-  
ceipts.

*Paragraph 3.* Every negotiable receipt issued for tobacco stored in a licensed warehouse shall, in addition to complying with the requirements of paragraphs 1 and 2 of this section, embody within its written or printed terms a form of indorsement which may be used by the depositor, or his authorized agent, for showing the ownership of, and liens, mortgages, or other encumbrances on the tobacco covered by the receipt.

Type, grade,  
form, and condi-  
tion of tobacco.

*Paragraph 4.* Whenever the type, grade, form, or condition is required to be or is stated in a receipt for tobacco stored in a licensed warehouse, it shall be stated in accordance with regulation 8. Whenever the grade is stated in such receipt, the type, form, and condition also must be stated.

When grade is  
omitted receipt  
must be so  
marked.

*Paragraph 5.* If a warehouseman issues a receipt omitting the statement of grade on request of the depositor as permitted by section 18 of the act, such receipt shall have clearly and conspicuously stamped or written on the face thereof the words "Not graded on request of the depositor."

Lines to be  
drawn in unused  
spaces.

*Paragraph 6.* If a warehouseman issues a receipt under the act omitting any information, not required to be stated, for which a blank space is provided in the form of the receipt, a line shall be drawn through such space to show that such omission has been made.

Copies of re-  
ceipts.

SEC. 2. Carbon copies of all receipts shall be made. All such copies, except those issued in lieu of the original, in case of lost or destroyed receipts, shall, if there be no statute of the United States or law of a State providing otherwise, have clearly and conspicuously printed or stamped thereon the words "First Copy Not Negotiable" or "Second Copy Not Negotiable," as the case may be.

Lost or de-  
stroyed receipts.

SEC. 3. *Paragraph 1.* In the case of a lost or destroyed receipt, if there be no statute of the United States or law of a State applicable thereto, a new receipt upon the same terms, subject to the same conditions, and bearing on its face the number and the date of the receipt in lieu of which it is issued and a plain and conspicuous statement that it is a duplicate issued in lieu of a lost or destroyed receipt, may be issued upon compliance with the conditions set out in paragraph 2 of this section.

Conditions  
under which du-  
plicate may be  
issued.

*Paragraph 2.* Before issuing such duplicate receipt the warehouseman shall require the depositor or other person applying therefor to make and file with the warehouseman (a) an affidavit showing that he is lawfully entitled to the possession of the original receipt, that he has not negotiated or assigned it, how the original receipt was lost or destroyed, and, if lost, that diligent effort has been made to find the receipt without success, and (b) a bond in an amount double the value, at the time the bond is given, of the tobacco represented by the lost or destroyed receipt. Such bond shall be in a form approved for the



purpose by the Secretary, shall be conditioned to indemnify the warehouseman against any loss sustained by reason of the issuance of such duplicate receipt, and shall have as surety thereon (a) preferably a surety company which is authorized to do business, and is subject to service of process in a suit on the bond in the State in which the warehouse is located, or (b) at least two individuals who are residents of such State and each of whom owns real property therein having a value in excess of all exemptions and encumbrances, to the extent of double the amount of the bond.

SEC. 4. No receipt shall be issued under the act until its form has been approved by the chief of the bureau, who shall make such requirements with respect to it as he may deem necessary to insure compliance with the act and these regulations. For this purpose the warehouseman shall submit two final proof copies of the proposed form printed on paper identical to that on which the final receipts will be printed.

Receipt form to be approved.

SEC. 5. Except as permitted by law or by these regulations, a warehouseman shall not deliver tobacco for which he has issued a negotiable receipt until the receipt has been returned to him, and shall not deliver tobacco for which he has issued a nonnegotiable receipt until such receipt has been returned to him or he has obtained from the person lawfully entitled to such delivery, or his authorized agent, a written acknowledgment thereof.

Return of receipts before delivery of tobacco.

SEC. 6. No licensed warehouseman shall, directly or indirectly, by any means whatsoever compel or attempt to compel the depositor of any tobacco stored in his licensed warehouse to request the issuance of a receipt omitting the statement of grade.

Warehouseman not to attempt to compel grade to be omitted.

#### Regulation 5. Duties of Licensed Warehouseman

SECTION 1. *Paragraph 1.* Each warehouseman, when so requested in writing by the depositor of or the lawful holder of the receipt for any tobacco, shall, to the extent to which, in the exercise of due diligence, he is able to procure such insurance, keep such tobacco while in his custody insured in his own name, or arrange for its insurance otherwise, to the extent so requested, against loss or damage by fire, lightning, or tornado. When insurance is not carried in the warehouseman's name, the receipts shall show that the tobacco is not insured by him. Such insurance shall be covered by lawful policies issued by one or more insurance companies authorized to do such business, and subject to service of process in suits brought, in the State where the warehouse is located. If the warehouseman is unable to procure such insurance to the extent requested, he shall, orally or by telegraph or by telephone and at his own expense, immediately notify the person making the request. Nothing in this section shall be construed to prevent a warehouseman from adopting a rule that he will insure all tobacco.

Insurance against fire, lightning, or tornado.



Notice regard-  
ing insurance to  
be posted

*Paragraph 2.* Each warehouseman shall keep exposed conspicuously in the place prescribed by regulation 2, section 4, and at such other place as the chief of the bureau or his representative may from time to time designate, a notice stating briefly the conditions under which tobacco will be insured against loss or damage by fire, lightning, or tornado.

Warehousemen  
to collect and pay  
over insurance.

*Paragraph 3.* Each warehouseman shall promptly take such steps as may be necessary and proper to collect any moneys which may become due under contracts of insurance entered into by him upon tobacco stored in his warehouse, and shall, as soon as collected, promptly pay to the persons concerned any portion of such moneys which they may be entitled to receive from him.

Duties with re-  
spect to insurance  
and bonding com-  
panies.

SEC. 2. Each warehouseman, in accordance with his contracts with insurance and bonding companies for the purpose of meeting the insurance and bonding requirements of these regulations, shall pay such premiums, permit such reasonable inspections and examinations, and make such reasonable reports as may be provided for in such contracts.

Records to be  
kept in safe place.

SEC. 3. Each warehouseman shall provide a metal fireproof safe, a fireproof vault, or a fireproof compartment in which he shall keep, when not in actual use, all records, books, and papers pertaining to the licensed warehouse, including his current receipt book, unissued receipt blanks, copies of receipts issued, and canceled receipts, except that with the written approval of the chief of the bureau, or his representative, upon a showing by such warehouseman that it is not practicable to provide such fireproof safe, vault, or compartment, he may keep such records, books, and papers in some other place of safety. Copies of all receipts, and all canceled receipts as soon as possible after their cancellation, shall be arranged by the warehouseman in numerical order and shall be preserved in numerical order thereafter.

Arrangement of  
copies of receipts  
and canceled re-  
ceipts.

Warehouse  
charges.

SEC. 4. A warehouseman shall not make any unreasonable or exorbitant charge for services rendered. Before a license to conduct a warehouse is granted the warehouseman shall file with the bureau a copy of his rules and a schedule of charges to be made by him if licensed. Before making any change in such rules or schedule of charges he shall file with the bureau a statement in writing showing the proposed change and the reasons therefor. Each warehouseman shall keep exposed conspicuously in the place prescribed by regulation 2, section 4, and at such other place, accessible to the public, as the chief of the bureau or his representative may from time to time designate, a copy of his current rules and schedule of charges.

Business hours

SEC. 5. *Paragraph 1.* Each warehouse shall be kept open for the purpose of receiving tobacco for storage and delivering tobacco out of storage every business day for a period of not less than six hours between the hours of

8 a. m. and 6 p. m., except as provided in paragraph 2 of this section. The warehouseman shall keep conspicuously posted on the door of the public entrance to his office and to his warehouse a notice showing the hours during which the warehouse will be kept open, except when such warehouse is kept open continuously from 8 a. m. to 6 p. m.

*Paragraph 2.* In case the warehouse is not to be kept open as required by paragraph 1 of this section, the notice posted as prescribed in that paragraph shall state the period during which the warehouse is to be closed and the name of an accessible person, with the address where he may be found, who shall be authorized to deliver tobacco stored in such warehouse, upon lawful demand and proper compliance with these regulations. Notice of warehouse being closed.

SEC. 6. *Paragraph 1.* A warehouseman shall not receive for storage in his warehouse any tobacco that is not properly packaged. Tobacco to be packaged.

*Paragraph 2.* A warehouseman shall return to the package from which it is taken all the tobacco drawn for the selection of a sample, except the portion used for such sample. Sampling tobacco.

SEC. 7. *Paragraph 1.* Each warehouseman shall keep his warehouse clean and free from trash, rubbish, and scattered tobacco. He shall also exercise every precaution to keep his warehouse free of rats or other pests. Warehouse to be kept clean and free of pests.

*Paragraph 2.* When in the opinion of the chief of the bureau or his representative it may appear necessary, it shall be the duty of each licensed warehouseman to fumigate thoroughly his licensed warehouse with such chemicals as may be approved by the chief of the bureau for that purpose. Duty to fumigate.

SEC. 8. A warehouseman shall mark, stencil, or tag each package of tobacco received for storage in his warehouse with a number by which the identity of such package will be preserved. Such numbers shall be in numerical sequence or any series of numerical sequences approved by the chief of the bureau or his representative, shall be made with some durable substance, and shall be clear and legible. If tags are used they shall be made of substantial material and securely attached to the packages. Each package to be given an identification number.

SEC. 9. *Paragraph 1.* A warehouseman shall arrange the tobacco stored in his warehouse so that each package of each depositor can be readily removed for inspecting, weighing, or delivering, and he shall arrange each package of tobacco in his warehouse so that the identification number thereon required by section 8 of this regulation is visible and readily accessible, but when the chief of the bureau shall find that it is not practicable to arrange each package so that the identification numbers are visible and accessible, he may authorize the warehouseman to arrange the packages of tobacco in rows and keep in the warehouse a card or chart upon which shall be Arrangement of packages.



clearly shown the identification number of each package stored in each row. Such authorization may be withdrawn at any time that the warehouseman fails to observe this requirement or to keep his record current.

Excess storage.

*Paragraph 2.* If, at any time, a warehouseman shall be offered tobacco in such quantity for storage so as to exceed the capacity of his warehouse, as shown in his license, he shall not accept such tobacco until he has first secured authority through an amended license, and after such authority has been granted the warehouseman shall continue to arrange the tobacco in accordance with paragraph 1 of this section, and so as not to obstruct free access to the tobacco and the proper use of sprinkler or other fire protection equipment provided for the warehouse.

Care of tobacco and fire protection equipment.

SEC. 10. Each warehouseman shall at all times, including any period of suspension of his license, exercise such care in regard to tobacco in his custody as a reasonably careful owner would exercise under the same circumstances and conditions. He shall see that the sprinkler or other fire protection equipment, if any, provided for his warehouse is maintained in proper working order.

Care of other tobacco or commodities.

SEC. 11. If, at any time, a warehouseman shall handle tobacco other than for storage, or shall handle or store any other commodity, he shall so protect the same, and otherwise exercise such care with respect to it, as not to endanger the tobacco in his custody as a warehouseman or impair his ability to meet his obligations and perform his duties under the act and these regulations. If the warehouseman shall store commodities other than those for which he is licensed, a nonlicensed receipt shall be issued, which shall contain in its terms a provision that said commodities are accepted for storage only until such time as the space which they may occupy may be needed for products for the storage of which the warehouseman is licensed. Under no circumstances shall any commodities for the storage of which the warehouseman is not licensed be stored if the storage of such commodities might adversely affect the commercial value of, or impair the insurance on, tobacco covered by licensed receipts.

Removal of tobacco in storage.

SEC. 12. Except as permitted by law or these regulations, a warehouseman shall not remove any tobacco in storage from the part of the warehouse shown in the receipt to another part or to any other warehouse without first securing the receipt and indorsing on it the fact and date of such removal and making an identical endorsement on the copy of the original receipt. If the insurance on any tobacco would be affected by such removal, prior to removal the warehouseman shall obtain the consent in writing of the holder of the receipt. Under no other circumstances, unless it becomes absolutely necessary to protect the tobacco, shall tobacco covered by receipts issued under the act be removed from

a warehouse, except as provided in regulation 4, section 5. In case it becomes necessary to remove tobacco from a warehouse prior to the surrender of the receipts, the warehouseman immediately upon such removal, shall notify the bureau of such removal and the necessity therefor.

SEC. 13. A warehouseman shall not handle or store tobacco in such a manner as will injure or damage the tobacco or the packages containing the tobacco. Tobacco not to be injured by handling or storing.

SEC. 14. *Paragraph 1.* If the warehouseman, with the approval of a licensed sampler or grader shall determine that any tobacco is deteriorating and that such deterioration can not be stopped, the warehouseman shall give immediate notice of the fact in accordance with paragraphs 2 and 3 of this section. Warehouseman shall give notice of tobacco out of condition.

*Paragraph 2.* Such notice shall state (a) the warehouse in which the tobacco is stored; (b) the actual condition of the tobacco as nearly as can be ascertained, and the reason, if known, for such condition; (c) the outstanding receipts covering the tobacco out of condition, giving the number and date of each such receipt and the type, grade, form, condition, and weight of the tobacco as stated in each such receipt; and (d) that such tobacco will be delivered upon the return and surrender of the receipts therefor. Contents of notice.

*Paragraph 3.* A copy of such notice shall be delivered in person or shall be sent by mail (a) to the persons holding the receipts, if known to the warehouseman; (b) to the person who originally deposited the tobacco; (c) to any other persons known by the warehouseman to be interested in the tobacco, and (d) to the chief of the bureau. Public notice shall also be given by posting a copy of such notice at the place where the warehouseman is required to post his license. If the holders of the receipts and the owners of the tobacco are known to the warehouseman and can not, in the regular course of the mails, be reached within 36 hours, the warehouseman shall, whether or not requested so to do, also immediately notify such persons by telegraph or telephone at their expense. Persons to whom notice shall be sent.

*Paragraph 4.* Any person financially interested in any tobacco or the receipt covering such tobacco stored in a licensed warehouse may, in writing, notify the warehouseman of the fact of his interest, and such warehouseman shall keep a record of that fact. If such person request in writing that he be notified regarding the condition of any such tobacco and agree to pay the cost of any telegraph or telephone toll charge the warehouseman shall notify such person in accordance with his request. Record of persons interested in a receipt of tobacco.

*Paragraph 5.* If the tobacco advertised in accordance with the requirements of this section has not been removed from storage by the owner thereof within seven days from the date of notice of its being out of condition, the warehouseman in whose warehouse such tobacco is stored may sell the same at public auction at the ex- Tobacco may be sold at public auction after notice.



pense and for the account of the owner, after giving seven days' notice of such proposed sale in the manner specified in paragraphs 2 and 3 of this section.

Warehouseman  
not relieved from  
properly caring  
for tobacco at all  
times.

*Paragraph 6.* Nothing contained in this section shall be construed as relieving the warehouseman from properly caring for any tobacco after notification of its condition has been given in accordance with this section.

System of ac-  
counts.

SEC. 15. A warehouseman shall use for his licensed warehouse a system of accounts, approved for the purpose by the chief of the bureau or his representative, which shall show for each package of tobacco the name of the depositor, the identification number mentioned in section 8 of this regulation, its weight, type, grade, form, and condition when same is required to be or is ascertained, its location, the dates received and delivered out of storage, the receipts issued and canceled, and a separate record for each depositor of his tobacco, and such accounts shall include a detailed record of all moneys received and disbursed and of all insurance policies taken out and canceled.

Reports.

SEC. 16. *Paragraph 1.* Each warehouseman shall, from time to time, when requested by the chief of the bureau or his representative, make reports, on forms prescribed and furnished for the purpose by the Bureau, concerning the condition, contents, operation, and business of the warehouse.

Copies of re-  
ports to be kept.

*Paragraph 2.* Each warehouseman shall keep on file, as a part of the records of the warehouse, for such period as may be prescribed by the chief of the bureau or his representative, for each kind of report, a true copy of each such report submitted by such warehouseman under this regulation.

Canceled re-  
ceipts to be for-  
warded to bureau  
for auditing.

SEC. 17. Each warehouseman, when requested by the bureau, shall forward his canceled receipts for auditing to Washington or to such field offices of the bureau as may be designated from time to time. For the purpose of this section, only such portion of each canceled receipt as the Bureau may designate, numbered to correspond with the actual receipt number, need be submitted.

Examination  
of warehouses.

SEC. 18. Each warehouseman shall permit any officer or agent of the Department of Agriculture, authorized by the Secretary for the purpose, to enter and inspect or examine, at any time, any warehouse for the conduct of which such warehouseman has been licensed, the office thereof, the books, records, papers, and accounts relating thereto, and the contents thereof, and such warehouseman shall furnish such officer or agent the assistance necessary to enable him to make any inspection or examination under this section.

Weighing appa-  
ratus subject to  
examination and  
disapproval.

SEC. 19. The weighing apparatus used for ascertaining the weight stated in a receipt or certificate, issued for tobacco stored in a licensed warehouse, shall be subject to examination by any officer or agent of the Department of Agriculture employed for the purpose. If the



bureau shall disapprove such weighing apparatus, it shall not thereafter, unless such disapproval is withdrawn, be used in ascertaining the weight of tobacco for the purposes of the act and these regulations.

SEC. 20. *Paragraph 1.* Except as authorized by the chief of the bureau, a warehouseman shall not have any tobacco stored or to be stored in his warehouse, sampled, graded, or weighed for the purpose of his records or receipts by any person not licensed under the act to perform such services, if there be a person so licensed for such warehouse. Tobacco to be sampled, graded, and weighed only by licensed persons when available.

*Paragraph 2.* When a grade or weight certificate has been issued by a grader or weigher and delivered to the warehouseman with the first copy of such certificate, the warehouseman shall fill in the identification numbers required in regulation 5, section 8, on each certificate, and shall mail or deliver the original certificate to the depositor and file the copy of such certificate as a part of the records of the warehouse. Grade and weight certificates and duplicate certificates.

SEC. 21. If at any time a fire shall occur at or within any licensed warehouse, it shall be the duty of the warehouseman to report immediately by telegraph to the chief of the bureau the occurrence of such fire and the extent of damage. Fire loss to be reported by telegram.

SEC. 22. Each warehouseman shall faithfully perform his obligations as a warehouseman under the laws of the State in which he is conducting his warehouse and such additional obligations as a warehouseman as may be assumed by him under contracts with the respective depositors of tobacco in such warehouse. Warehouseman must comply with State laws and his contracts.

#### Regulation 6. Fees

SECTION 1. There shall be charged, assessed, and collected a fee of \$2 for each warehouseman's license. License fees.

SEC. 2. There shall be charged, assessed, and collected for each original examination and for each reexamination of a warehouse under the act, when made upon application of a warehouseman, a fee at the rate of \$1 for each 100,000 pounds of storage capacity or fraction thereof, as determined in accordance with regulation 3, section 2, but in no case less than \$5 nor more than \$100. Warehouse inspection fees.

SEC. 3. Before any warehouseman's license or modification or extension thereof is granted, or any examination applied for by a warehouseman is made, pursuant to these regulations, the warehouseman shall deposit with the chief of the bureau the amount of the fee prescribed therefor. Such deposit shall be made in the form of a check, certified if required by the bureau, or post office or express money order, payable to the order of "Disbursing Clerk, United States Department of Agriculture." Advance deposits.

SEC. 4. The disbursing clerk of the United States Department of Agriculture shall hold in his custody each advance deposit made under this regulation until the fee, Return of advance deposits.

if any, is assessed and he is furnished by the bureau with a statement showing the amount thereof and against whom assessed. Any part of such advance deposit which is not required for the payment of any fee assessed shall be returned to the party depositing the same.

#### Regulation 7. Licensed Samplers, Graders, and Weighers

Licensed samplers, graders, and weighers.

**SECTION 1. Paragraph 1.** Applications for licenses to sample, to inspect, and to grade or to weigh tobacco under the act shall be made to the chief of the bureau on forms furnished for the purpose by him.

Application forms.

Contents.

**Paragraph 2.** Each such application shall be signed by the applicant, shall be verified by him under oath or affirmation administered by a duly authorized officer, and shall contain or be accompanied by (a) satisfactory evidence that he has passed his twenty-first birthday, (b) the name and location of a warehouse or warehouses licensed, or for which application for license has been made, under the act, in which tobacco sought to be sampled, inspected, graded, or weighed under such license is or may be stored, (c) a statement from the warehouseman conducting such warehouse showing whether the applicant is competent and is acceptable to such warehouseman for the purpose, (d) satisfactory evidence that he has had at least one year's experience in the kind of service for which a license is sought or the equivalent of such experience, and that he is competent to perform such services, except in the case of applicants for weighers' licenses one month's experience will be sufficient, (e) a statement by the applicant that he agrees to comply with and abide by the terms of the act and these regulations so far as the same may relate to him, and (f) such other information as the bureau may deem necessary, provided, that when an application for a license to sample, to inspect, to grade, or to weigh tobacco is filed by a person who does not intend to sample, to inspect, to grade, or to weigh for any particular licensed warehouseman but who does intend to sample, to inspect, to grade, or to weigh tobacco stored or to be stored in a licensed warehouse and to issue certificates therefor, as provided for by the act and these regulations, independent of the warehouse receipts issued to cover such tobacco, it shall not be necessary to furnish such statement as is required by subdivision (c) of this paragraph.

Applicant must furnish additional information if required.

**Paragraph 3.** The applicant shall at any time furnish such additional information as the Secretary or the chief of the bureau shall find to be necessary to the consideration of his application.

Combined sampler's, grader's, and weigher's application.

**Paragraph 4.** A single application may be made by any person for a license to sample, to grade, and to weigh upon complying with all the requirements of this section.



SEC. 2. Each applicant for license as a sampler, grader, or weigher, and each sampler, grader, or weigher, when requested by an authorized agent of the Department of Agriculture, shall submit to an examination or test to show his ability properly to perform the duties for which he is applying for license or for which he has been licensed, and each such applicant, or licensee, shall furnish the bureau any information requested, at any time, in regard to his sampling, grading, or weighing of tobacco.

Applicants, when requested, shall submit to examination and furnish information.

SEC. 3. Each sampler, grader, or weigher shall keep his license conspicuously posted at the place or office where he functions as a sampler, grader, or weigher, or in such other place as may be designated for the purpose by the bureau.

Licenses to be posted.

SEC. 4. Each sampler, grader, or weigher, according to the nature of his license, when requested shall, without discrimination, as soon as practicable, and upon reasonable terms, sample, grade, or weigh tobacco stored or to be stored in a licensed warehouse for which he holds a license, if such tobacco be offered to him under such conditions as will permit proper sampling, grading, or weighing. Each such licensee shall give preference to persons who request his services as such over persons who request his services in any other capacity. No official sample shall be drawn and no grade, or weight certificate shall be issued under the act for tobacco not stored or to be stored in a licensed warehouse.

Licensees to discharge duties without discrimination.

SEC. 5. *Paragraph 1.* Each licensed sampler shall provide himself, unless provided by the warehouseman, with a sufficient quantity of tags of a kind and quality approved by the chief of the bureau or his representative for identifying the samples of tobacco drawn by him and for certifying the condition of the tobacco represented by the samples. There shall be clearly written or printed on the face of each tag (a) the number of the tag, (b) the caption "Official Tobacco Sample Drawn under the United States Warehouse Act," (c) the name and location of the licensed warehouse in which the tobacco is or is to be stored, (d) the identification number, in accordance with regulation 5, section 8, of the package from which the sample was drawn, except when sampled before being stored, in which case the private number and marks of the package shall be shown and a blank space left for said identification number, (e) the date on which the sample was drawn, and (f) a statement to the effect that the sample was drawn by a sampler licensed in accordance with the United States warehouse act and the regulations thereunder. One such tag shall be attached to each official sample of tobacco so as to preserve the identity of the sample.

Official sample tags.

*Paragraph 2.* Each sampler shall seal each official sample of tobacco drawn by him so as to prevent the removal of the tag mentioned in paragraph 1 of this sec-

Official sample seals.

tion, or the separation of the sample into parts without breaking the seal. Such seal shall show (a) the name of the sampler, (b) the license number of such sampler, and (c) the insignia "U. S. W. A."

Drawing and  
preparing official  
samples.

*Paragraph 3.* Each official sample taken from a package of tobacco stored or to be stored in a licensed warehouse shall be of such size and drawn and prepared in such manner as may be required by the chief of the bureau or his representative.

Grade certi-  
cate.

SEC. 6. Each grade certificate issued under the act by a grader shall be in a form approved for the purpose by the bureau and shall embody within its written or printed terms (a) the caption "Tobacco Grade Certificate Issued under the United States Warehouse Act," (b) whether it is an original, first, second, or other copy, (c) the number of the certificate, (d) the name and location of the warehouse in which the tobacco is or is to be stored, (e) the date of the certificate, (f) the location of the tobacco at the time of grading, (g) a blank space for the purpose of showing the identification number of each package, in accordance with regulation 5, section 8, (h) the grade, type, form, and condition of each package of tobacco at the time of grading, (i) the number of each official sample, if graded upon sample, (j) that the certificate is issued by a licensed grader, under the United States warehouse act and regulations thereunder, (k) a blank space designated for the purpose in which may be stated any general remarks on the condition of the tobacco, and (l) the signature of such licensed grader. In addition, the grade certificate may include any other matter not inconsistent with the act or these regulations, provided the approval of the bureau is first secured.

Weight certi-  
cate.

SEC. 7. Each weight certificate issued under the act by a weigher shall be in a form approved for the purpose by the bureau, and shall embody within its written or printed terms (a) the caption "Tobacco Weight Certificate Issued under the United States Warehouse Act," (b) whether it is an original, first, second, or other copy, (c) the number of the certificate, (d) the name and location of the warehouse in which the tobacco is or is to be stored, (e) the date of the certificate, (f) the location of the tobacco at the time of weighing, (g) a blank space for the purpose of showing the identification number of each package, in accordance with regulation 5, section 8, (h) the gross, tare and net weight of each package of tobacco, (i) a blank space designated for the purpose in which may be stated any condition that in the opinion of the weigher may effect the weight of the tobacco, (j) that the certificate is issued by a licensed weigher, under the United States warehouse act and the regulations thereunder, and (k) the signature of the weigher. In addition, the weight certificate may include any other matter not inconsistent with the act or these regulations, provided the approval of the bureau is first secured.



SEC. 8. A combined certificate of grade and weight may be issued if such certificate meets all the requirements of this regulation. Combined certificates.

SEC. 9. Each licensed grader or weigher shall, as soon as possible after grading or weighing any tobacco stored or to be stored in a licensed warehouse, issue an original and a first copy grade or weight certificate, as the case may be, for such tobacco, and deliver both the original and first copy of the certificate to the warehouseman, in whose warehouse the tobacco is or is to be stored, except, when the functions of warehouseman, grader and weigher are all performed by the same person, with the approval of the chief of bureau grade and weight certificates need not be issued. Issuance of original and copy certificates.

SEC. 10. Whenever the type, grade, form, or condition of tobacco is required to be or is stated for the purposes of the act and these regulations, it shall be stated in accordance with regulation 8. Type, grade, form and condition to be stated in accordance with regulation 8.

SEC. 11. Each sampler, grader, or weigher shall permit any officer or agent of the Department of Agriculture, authorized by the chief of the bureau for the purpose, to inspect or examine at any time his books, papers, records, and accounts relating to the performance of his duties under the act and these regulations, and shall, when requested, assist any such officer or agent in the inspection or examination mentioned in regulation 5, section 18, as far as any such inspection or examination relates to the performance of his duties as a licensee. Licensees to permit and assist in examinations.

SEC. 12. Pending investigation the Secretary may, whenever he deems necessary, suspend the license of a sampler, grader, or weigher temporarily without hearing. Upon a written request and a satisfactory statement of reasons therefor submitted by the licensee, or when the licensee has ceased to perform the services for which licensed, the Secretary may, without hearing, suspend or cancel the license issued to such licensee. The Secretary may, after opportunity for hearing, when possible, has been afforded in the manner prescribed in this section, suspend or cancel a license issued to a sampler, grader, or weigher when such licensee has, in any manner, become incompetent or incapacitated to perform his duties as such licensee. As soon as it shall come to the attention of a licensed warehouseman that any of the conditions in this section exist, it shall be his duty to notify in writing the bureau. Before the license of any sampler, grader, or weigher is suspended or revoked, pursuant to section 12 of the act, such licensee shall be furnished by the Secretary, or by his representative, a written statement specifying the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with regulation 10, section 4. Suspension, revocation, or cancellation of licenses.



Return of sus-  
pended, revoked,  
or canceled li-  
censes.

SEC. 13. *Paragraph 1.* In case a license issued to a sampler, grader, or weigher is suspended, revoked, or canceled by the Secretary, such license shall be returned to the Secretary. At the expiration of any period of suspension of such license, unless in the meantime it be revoked or canceled, the dates of the beginning and termination of the suspension shall be indorsed thereon, it shall be returned to the person to whom it was originally issued, and it shall be posted as prescribed in section 3 of this regulation.

Licenses termi-  
nate with ware-  
house licenses.

*Paragraph 2.* Any license issued to a sampler, grader, or weigher shall automatically terminate as to any warehouse whenever the license of such warehouse expires or is revoked or canceled, and upon request the license of such sampler, grader, or weigher shall be returned to the Secretary.

Lost or de-  
stroyed licenses.

SEC. 14. Upon satisfactory proof of the loss or destruction of a license issued to a sampler, grader, or weigher, a duplicate thereof may be issued under the same or a new number, in the discretion of the Secretary.

Reports.

SEC. 15. Each sampler, grader, or weigher shall, from time to time, when requested by the chief of the bureau, make reports on forms furnished for the purpose by the bureau, bearing upon his activities as such licensee.

Unlicensed per-  
sons must not rep-  
resent themselves  
to be licensed.

SEC. 16. No person shall in any way represent himself to be a sampler, grader, or weigher licensed under the act unless he holds an unsuspended, unrevoked, and uncanceled license issued under the act.

#### Regulation 8. Tobacco Classification

Type, grade,  
form, and condi-  
tion to be stated  
in accordance  
with this regula-  
tion.

SECTION 1. Whenever the type, grade, form or condition of tobacco is required to be or is stated for the purposes of the act and these regulations, it shall be stated in accordance with this regulation.

Standards to be  
used.

SEC. 2. Until such time as official tobacco standards of the United States are in effect, the type, grade, form, and condition of tobacco shall be stated, (a) in accordance with such standards, if any, as may be approved for the purpose by the chief of the bureau, or his representative, or (b) in the absence of any such standards, in accordance with the standards adopted by any tobacco organization or by the tobacco trade generally in the locality in which the warehouse is located, subject to disapproval by the chief of the bureau.

Statement of  
type, grade, form  
and condition.

SEC. 3. Whenever the type, grade, form, or condition of tobacco is stated for the purposes of the act and these regulations, the terms used shall be correctly applied and shall be so selected as not to convey a false impression of the tobacco. In determining the type, grade, form, or condition of a package of tobacco, the package as a whole shall be considered rather than parts of it which do not materially affect the value of the entire package and minor irregularities in the tobacco shall be overlooked.

SEC. 4. Whenever the type, grade, or form of tobacco is stated for the purposes of the act and these regulations, it shall be based upon a careful and thorough examination of the package of tobacco or an official sample thereof. In case the tobacco in one part of a package or sample is inferior to that in other parts of the package or sample, the grade assigned to the tobacco shall be an average, considering the proportion that each part bears to the whole, and in case of a question as to which grade of two or more grades should be assigned to the tobacco, the lowest grade in question shall be assigned.

Statement of  
type, grade, and  
form.

SEC. 5. Whenever the condition of tobacco is stated for the purposes of the act and these regulations, it shall be based upon a careful and thorough examination of the package of tobacco. In case any portion of a package of tobacco is found to be in a tangled, doubtful keeping or nested condition, the condition stated for the whole package shall be based upon such tangled, doubtful keeping, or nested portion.

Statement of  
condition.

#### Regulation 9. Appeal on Sampling or Classification of Tobacco

SECTION 1. *Paragraph 1.* If a question arises as to the accuracy of an official sample, or whether the type, grade, form, or condition of the tobacco was correctly stated in a receipt or certificate issued under the act or these regulations, the warehouseman concerned or any person financially interested in the tobacco involved may, after reasonable notice to the other party, submit the question to such committee as the chief of bureau may appoint. The decision of the committee shall be final, unless the chief shall direct a review of the question. Immediately upon making their decision, the committee shall issue a certificate embodying their findings to the appellants and the licensee or licensees involved.

Method of ap-  
peal in case of  
dispute.

*Paragraph 2.* If the decision of the committee be that the sample was not representative of the package of tobacco, or that the type, grade, form, or condition was not correctly stated, the receipt or certificate involved shall be returned to and canceled by the licensee who issued it and the licensee shall issue in lieu thereof a new receipt or certificate embodying therein the statement of type, grade, form, or condition in accordance with the findings of the committee.

New receipts or  
certificates to be  
issued.

*Paragraph 3.* All necessary and reasonable expense of such appeal shall be borne by the losing party, unless the chief of bureau shall decide that the expense should be prorated between the parties.

Assessment of  
appeal expenses.

#### Regulation 10. Miscellaneous

SECTION 1. Every person applying for a license, or licensed, under section 9 of the act, shall, as such, be

Regulations  
applicable to  
State warehouses.



subject to all portions of these regulations, except regulation 2, section 3, so far as they may relate to warehousemen. If there is a law of any State providing for a system of warehouses owned, operated, or leased by such State, a person applying for a license under section 9 of the act, to accept the custody of tobacco and to store the same in any of said warehouses, may, in lieu of a bond or bonds, complying with regulation 3, file with the Secretary a single bond meeting the requirements of the act and these regulations, in such form, and in such amount not less than \$5,000 as he shall prescribe, to insure the performance by such person, with respect to the acceptance of the custody of tobacco and its storage in the warehouses in such system for which licenses are or may be issued, of his obligations arising during the periods of such licenses, and in addition, if desired by the applicant, during the periods of any modifications or extensions thereof. In fixing the amount of such bond, consideration shall be given, among other appropriate factors, to the character of the warehouses involved, their actual or contemplated capacity, the bonding requirements of the State, and its liability with respect to such warehouses. If the Secretary shall find the existence of conditions warranting such action, there shall be added to the amount of the bond so fixed, a further amount, fixed by him, to meet such conditions.

**Publications**

SEC. 2. Publications under the act and these regulations shall be made in service and regulatory announcements of the bureau and such other media as the chief of the bureau may from time to time designate for the purpose.

**Violations of act and regulations to be reported.**

SEC. 3. Every person licensed under the act shall immediately furnish the chief of the bureau any information which comes to the knowledge of such person tending to show that any provision of the act or these regulations has been violated.

**Procedure in hearings.**

SEC. 4. For the purpose of a hearing under the act and these regulations, except regulation 9, the licensee involved shall be allowed a reasonable time, fixed by the Secretary or by an official of the Department of Agriculture designated by him for the purpose, within which affidavits and other proper evidence may be submitted. If requested by the licensee within such time, an oral hearing, of which reasonable notice shall be given, shall be held before, and at a time and place fixed by, the Secretary or an official of the Department of Agriculture designated by him for the purpose. The testimony of the witnesses at such oral hearing shall be upon oath or affirmation administered by the official before whom the hearing is held, when required by him. Such oral hearing may be adjourned by him from time to time. After reasonable notice to all parties concerned, the deposition of any witness may be taken at a time and place and before a person designated for the purpose by the

Secretary or an official of the Department of Agriculture authorized by the Secretary. Every written entry in the records of the Department of Agriculture made by an officer or employee thereof in the course of his official duty, which is relevant to the issue involved in a hearing, shall be admissible as prima facie evidence of the facts stated therein without the production of such officer or employee. Copies of all papers and all the evidence submitted or considered in such hearing shall be made a part of the records of the Department of Agriculture. The records and, when there has been an oral hearing other than by the Secretary, the recommendation of the official holding such oral hearing shall be transmitted to the Secretary for his consideration. Each party shall pay all expenses contracted by him in connection with any hearing under this section.

SEC. 5. Nothing in these regulations shall be construed to conflict with, or to authorize any conflict with, or in any way to impair or limit the effect or operation of, the laws of any State relating to warehouses, warehousemen, samplers, graders, or weighers, nor shall these regulations be construed so as to limit the operation of any statute of the United States relating to warehouses, warehousemen, samplers, graders, or weighers now in force in the District of Columbia, or in any Territory or other place under the exclusive jurisdiction of the United States.

No conflict with  
State or Federal  
laws.

SEC. 6. Any amendment to, or revision of, these regulations, unless otherwise stated therein, shall apply in the same manner to persons holding licenses at the time it becomes effective as it applies to persons thereafter licensed under the act.

Amendments.

## GENERAL REGULATIONS UNDER THE UNITED STATES WAREHOUSE ACT

### Regulation 1. Combination Warehouses

SECTION 1. A license may be issued for the storage of two or more agricultural products in a single warehouse. Where such a license is desired, a single application, inspection, bond, record, report or other paper, document or proceeding relating to such warehouse, shall be sufficient unless otherwise directed by the chief of the bureau.

One document  
and one license  
to cover several  
products.

SEC. 2. Where such license is desired, the amount of the bond, net assets, and inspection and license fees shall be determined by the chief of the bureau in accordance with the regulations applicable to the particular agricultural product which would require the largest bond and the greatest amount of net assets and of fees if the full capacity of the warehouse was used for its storage.

Amount of as-  
sets and bond  
needed for com-  
bination ware-  
houses.



## UNITED STATES WAREHOUSE ACT

[As amended July 25, 1919, and February 23, 1923]

- Title declared. That this Act shall be known by the short title of "United States warehouse Act."
- Terms construed. Warehouse. SEC. 2. That the term "warehouse" as used in this Act shall be deemed to mean every building, structure, or other protected inclosure in which any agricultural product is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which any agricultural product is or may be stored. As used in this Act, "person" includes a corporation or partnership or two or more persons having a joint or common interest; "warehouseman" means a person lawfully engaged in the business of storing agricultural products; and "receipt" means a warehouse receipt.
- Person.
- Warehouseman.
- Receipt.
- Investigation, etc., of warehouses. SEC. 3. That the Secretary of Agriculture is authorized to investigate the storage, warehousing, classifying according to grade and otherwise, weighing, and certification of agricultural products; upon application to him by any person applying for license to conduct a warehouse under this Act, to inspect such warehouse or cause it to be inspected; at any time, with or without application to him, to inspect or cause to be inspected all warehouses licensed under this Act; to determine whether warehouses for which licenses are applied for or have been issued under this Act are suitable for the proper storage of any agricultural product or products; to classify warehouses licensed or applying for a license in accordance with their ownership, location, surroundings, capacity, conditions, and other qualities, and as to the kinds of licenses issued or that may be issued for them pursuant to this Act; and to prescribe, within the limitations of this Act, the duties of the warehousemen conducting warehouses licensed under this Act with respect to their care of and responsibility for agricultural products stored therein.
- Classification.
- Duties of warehousemen.
- Licenses to warehousemen. SEC. 4. That the Secretary of Agriculture is authorized, upon application to him, to issue to any warehouseman a license for the conduct of a warehouse or warehouses in accordance with this Act and such rules and regulations as may be made hereunder: *Provided*, That each such warehouse be found suitable for the proper storage of the particular agricultural product or products for which a license is applied for, and that such warehouseman agree, as a condition to the granting of the license, to comply with and abide by all the terms of this Act and the rules and regulations prescribed hereunder.
- Conditions of issue.
- Modification or extension of license. SEC. 5. That each license issued under Sections 4 and 9 of this Act shall terminate as therein provided, or in accordance with the terms of this Act and the regulations thereunder, and may from time to time be modified or extended by a written instrument.
- Bond to be filed. SEC. 6. That each warehouseman applying for a license to conduct a warehouse in accordance with this Act shall, as a condition to the granting thereof, execute and file with the Secretary of Agriculture a good and sufficient bond to the United States to secure the faithful performance of his obligations as a warehouseman under the laws of the State, District, or Territory in which he is conducting such warehouse, as well as under the terms of this Act and the rules and regulations prescribed hereunder, and of such additional obligations as a warehouseman as may be assumed by him under contracts with the respective depositors of agricultural products in such warehouse. Said bond shall be in such form and amount, shall have such surety or sureties, subject to service of process in suits on the bond within the State, District, or Territory in which the warehouse is located, and shall contain such terms and conditions as the Secretary of Agriculture may prescribe to carry out the purposes of this Act, and may, in the discretion of the Secretary of Agri-
- Conditions.
- Sureties, terms, etc.



culture, include the requirements of fire insurance. Whenever the Secretary of Agriculture shall determine that a bond approved by him is, or for any cause has become, insufficient, he may require an additional bond or bonds to be given by the warehouseman concerned, conforming with the requirements of this section, and unless the same be given within the time fixed by a written demand therefor the license of such warehouseman may be suspended or revoked.

Additional bond.

SEC. 7. That any person injured by the breach of any obligation to secure which a bond is given, under the provisions of Sections 6 or 9, shall be entitled to sue on the bond in his own name in any court of competent jurisdiction to recover the damages he may have sustained by such breach.

Suit on bond.

SEC. 8. That upon the filing with and approval by the Secretary of Agriculture of a bond, in compliance with this Act, for the conduct of a warehouse, such warehouse shall be designated as bonded hereunder; but no warehouse shall be designated as bonded under this Act, and no name or description conveying the impression that it is so bonded, shall be used, until a bond, such as provided for in Section 6, has been filed with and approved by the Secretary of Agriculture, nor unless the license issued under this Act for the conduct of such warehouse remains unsuspended and unrevoked.

Bonded warehouse.

Designation.

Conditions authorizing.

SEC. 9. That the Secretary of Agriculture may, under such rules and regulations as he shall prescribe, issue a license to any person not a warehouseman to accept the custody of agricultural products and to store the same in a warehouse or warehouses owned, operated, or leased by any State, upon condition that such person agree to comply with and abide by the terms of this Act and the rules and regulations prescribed hereunder. Each person so licensed shall issue receipts for the agricultural products placed in his custody, and shall give bond, in accordance with the provisions of this Act and the rules and regulations hereunder affecting warehousemen licensed under this Act, and shall otherwise be subject to this Act and such rules and regulations to the same extent as is provided for warehousemen licensed hereunder.

Licenses for storage by persons not warehousemen.

Receipts and bond required.

SEC. 10. That the Secretary of Agriculture shall charge, assess, and cause to be collected a reasonable fee for every examination or inspection of a warehouse under this Act when such examination or inspection is made upon application of a warehouseman, and a fee not exceeding \$2 per annum for each license or renewal thereof issued to a warehouseman under this Act. All such fees shall be deposited and covered into the Treasury as miscellaneous receipts.

Examination and inspection charges.

Deposit of fees.

SEC. 11. That the Secretary of Agriculture may upon presentation of satisfactory proof of competency, issue to any person a license to inspect, sample or classify any agricultural product or products, stored or to be stored in a warehouse licensed under this Act, according to condition, grade or otherwise and to certificate the condition, grade or other class thereof, or to weigh the same and certificate the weight thereof, or both to inspect, sample or classify and weigh the same and to certificate the condition, grade or other class and the weight thereof, upon condition that such person agree to comply with and abide by the terms of this Act and of the rules and regulations prescribed hereunder so far as the same relate to him.

Licenses to inspectors, samplers, classifiers, and weighers of products.

Conditions.

SEC. 12. That any license issued to any person to inspect, sample or classify or to weigh any agricultural product or products under this Act may be suspended or revoked by the Secretary of Agriculture whenever he is satisfied, after opportunity afforded to the licensee concerned for a hearing, that such licensee has failed to inspect, sample, or classify or to weigh any agricultural product or products correctly, or has violated any of the provisions of this Act or of the rules and regulations prescribed hereunder, so far as the same may relate to him, or that he has used his license or allowed it to be used for any improper purpose

Suspension, or revocation of licenses.

whatever. Pending investigation, the Secretary of Agriculture, whenever he deems necessary, may suspend a license temporarily without hearing.

Discrimination  
by licensed ware-  
housemen forbid-  
den.

SEC. 13. That every warehouseman conducting a warehouse licensed under this Act shall receive for storage therein, so far as its capacity permits, any agricultural product of the kind customarily stored therein by him which may be tendered to him a suitable condition for warehousing, in the usual manner in the ordinary and usual course of business, without making any discrimination between persons desiring to avail themselves of warehouse facilities.

Deposits sub-  
ject to terms of  
Act.

SEC. 14. That any person who deposits agricultural products for storage in a warehouse licensed under this Act shall be deemed to have deposited the same subject to the terms of this Act and the rules and regulations prescribed hereunder.

Inspection and  
grading of fungi-  
ble products.

SEC. 15. That any fungible agricultural product stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this Act shall be inspected and graded by a person duly licensed to grade the same under this Act.

Separation of  
deposits.

SEC. 16. That every warehouseman conducting a warehouse licensed under this Act shall keep the agricultural products therein of one depositor so far separate from agricultural products of other depositors, and from other agricultural products of the same depositor for which a separate receipt has been issued, as to permit at all times the identification and redelivery of the agricultural products deposited; but if authorized by agreement or by custom, a warehouseman may mingle fungible agricultural products with other agricultural products of the same kind and grade, and shall be severally liable to each depositor for the care and redelivery of his share of such mass, to the same extent and under the same circumstances as if the agricultural products had been kept separate, but he shall at no time while they are in his custody mix fungible agricultural products of different grades.

Mingling of  
fungible products  
permitted.

Separation of  
grades.

Issue of re-  
ceipts for prod-  
ucts actually  
stored.

SEC. 17. That for all agricultural products stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this Act original receipts shall be issued by the warehouseman conducting the same, but no receipts shall be issued except for agricultural products actually stored in the warehouse at the time of the issuance thereof.

Contents of re-  
ceipt.

SEC. 18. That every receipt issued for agricultural products stored in a warehouse licensed under this Act shall embody within its written or printed terms (a) the location of the warehouse in which the agricultural products are stored; (b) the date of issue of the receipt; (c) the consecutive number of the receipt; (d) a statement whether the agricultural products received will be delivered to the bearer, to a specified person, or to a specified person or his order; (e) the rate of storage charges; (f) a description of the agricultural products received, showing the quantity thereof, or, in case of agricultural products customarily put up in bales or packages, a description of such bales or packages by marks, numbers, or other means of identification and the weight of such bales or packages; (g) the grade or other class of the agricultural products received and the standard or description in accordance with which such classification has been made: *Provided*, That such grade or other class shall be stated according to the official standard of the United States applicable to such agricultural products as the same may be fixed and promulgated under authority of law: *Provided further*, That until such official standards of the United States for any agricultural product or products have been fixed and promulgated, the grade or other class thereof may be stated in accordance with any recognized standard or in accordance with such rules and regulations not inconsistent herewith as may be prescribed by the Secretary of Agriculture; (h) a statement that the receipt is issued subject to the United States warehouse Act and the rules and regulations prescribed thereunder; (i) if the receipt



be issued for agricultural products of which the warehouseman is owner, either solely or jointly or in common with others, the fact of such ownership; (j) a statement of the amount of advances made and of liabilities incurred for which the warehouseman claims a lien: *Provided*, That if the precise amount of such advances made or of such liabilities incurred be at the time of the issue of the receipt unknown to the warehouseman or his agent who issues it, a statement of the fact that advances have been made or liabilities incurred and the purpose thereof shall be sufficient; (k) such other terms and conditions within the limitations of this Act as may be required by the Secretary of Agriculture; and (l) the signature of the warehouseman, which may be made by his authorized agent: *Provided*, That unless otherwise required by the law of the State in which the warehouse is located, when requested by the depositor of other than fungible agricultural products, a receipt omitting compliance with subdivision (g) of this section may be issued: *Provided, however*, The Secretary of Agriculture may in his discretion require that such receipt have plainly and conspicuously embodied in its written or printed terms a provision that such receipt is not negotiable.

SEC. 19. That the Secretary of Agriculture is authorized, from time to time, to establish and promulgate standards for agricultural products by which their quality or value may be judged or determined: *Provided*, That the standards for any agricultural products which have been, or which in future may be, established by or under authority of any other Act of Congress shall be, and are hereby, adopted for the purposes of this Act as the official standards of the United States for the agricultural products to which they relate.

Established standards to be promulgated.

Official standards adopted.

SEC. 20. That while an original receipt issued under this Act is outstanding and uncanceled by the warehouseman issuing the same no other or further receipt shall be issued for the agricultural product covered thereby or for any part thereof, except that in the case of a lost or destroyed receipt a new receipt, upon the same terms and subject to the same conditions and bearing on its face the number and date of the receipt in lieu of which it is issued, may be issued upon compliance with the statutes of the United States applicable thereto in places under the exclusive jurisdiction of the United States or upon compliance with the laws of any State applicable thereto in any place not under the exclusive jurisdiction of the United States: *Provided*, That if there be in such case no statute of the United States or law of a State applicable thereto such new receipts may be issued upon the giving of satisfactory security in compliance with the rules and regulations made pursuant to this Act.

Issue of other than original receipts forbidden.

Lost or destroyed receipts.

SEC. 21. That a warehouseman conducting a warehouse licensed under this Act, in the absence of some lawful excuse, shall, without unnecessary delay, deliver the agricultural products stored therein upon a demand made either by the holder of a receipt for such agricultural products or by the depositor thereof if such demand be accompanied with (a) an offer to satisfy the warehouseman's lien; (b) an offer to surrender the receipt, if negotiable, with such indorsements as would be necessary for the negotiation of the receipt; and (c) a readiness and willingness to sign, when the products are delivered, an acknowledgment that they have been delivered if such signature is requested by the warehouseman.

Delivery of products to holders of receipt.

Conditions.

SEC. 22. That a warehouseman conducting a warehouse licensed under this Act shall plainly cancel upon the face thereof each receipt returned to him upon the delivery by him of the agricultural products for which the receipt was issued.

Cancellation of receipts upon delivery.

SEC. 23. That every warehouseman conducting a warehouse licensed under this Act shall keep in a place of safety complete and correct records of all agricultural products stored therein and withdrawn therefrom, of all warehouse receipts issued by him, and of the receipts returned to and canceled by him, shall make reports to the Secretary of Agriculture concerning such warehouse and the condition, contents, operation, and business

Records to be preserved.

Reports of business operations.



thereof in such form and at such times as he may require, and shall conduct said warehouse in all other respects in compliance with this Act and the rules and regulations made hereunder.

Examination of  
stored products.

Sec. 24. That the Secretary of Agriculture is authorized to cause examination to be made of any agricultural products stored in any warehouse licensed under this Act. Whenever, after opportunity for hearing is given to the warehouseman conducting such warehouse, it is determined that he is not performing fully the duties imposed on him by this Act and the rules and regulations made hereunder, the Secretary may publish his findings.

Suspension or  
revocation of li-  
censes.

Sec. 25. That the Secretary of Agriculture may, after opportunity for hearing has been afforded to the licensee concerned, suspend or revoke any license issued to any warehouseman conducting a warehouse under this Act, for any violation of or failure to comply with any provision of this Act or of the rules and regulations made hereunder or upon the ground that unreasonable or exorbitant charges have been made for services rendered. Pending investigation, the Secretary of Agriculture, whenever he deems necessary, may suspend a license temporarily without hearing.

Publications.

Sec. 26. That the Secretary of Agriculture from time to time may publish the results of any investigations made under Section 3 of this Act; and he shall publish the names and locations of warehouses licensed and bonded and the names and addresses of persons licensed under this Act and lists of all licenses terminated under this Act and the causes therefor.

Official exami-  
nations of records,  
etc.

Sec. 27. That the Secretary of Agriculture is authorized through officials, employees, or agents of the Department of Agriculture designated by him to examine all books, records, papers, and accounts of warehouses licensed under this Act and of the warehousemen conducting such warehouses relating thereto.

Regulations  
shall be made.

Sec. 28. That the Secretary of Agriculture shall from time to time make such rules and regulations as he may deem necessary for the efficient execution of the provisions of this Act.

State laws not  
impaired.

Sec. 29. That nothing in this Act shall be construed to conflict with, or to authorize any conflict with, or in any way to impair or limit the effect or operation of the laws of any State relating to warehouses, warehousemen, weighers, graders, inspectors, samplers or classifiers; but the Secretary of Agriculture is authorized to cooperate with such officials as are charged with the enforcement of such State laws in such States and through such cooperation to secure the enforcement of the provisions of this Act; nor shall this Act be construed so as to limit the operation of any statute of the United States relating to warehouses or warehousemen, weighers, graders, inspectors, samplers, or classifiers now in force in the District of Columbia or in any Territory or other place under the exclusive jurisdiction of the United States.

Cooperation  
with State au-  
thorities.

Operation of  
present laws.

Violations.

Sec. 30. That every person who shall forge, alter, counterfeit, simulate, or falsely represent, or shall without proper authority use, any license issued by the Secretary of Agriculture under this Act, or who shall violate or fail to comply with any provision of Section 8 of this Act, or who shall issue or utter a false or fraudulent receipt or certificate, or any person who, without lawful authority, shall convert to his own use, or use for purposes of securing a loan, or remove from a licensed warehouse contrary to this Act or the regulations promulgated thereunder, any agricultural products stored or to be stored in such warehouse and for which licensed receipts have been or are to be issued, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$10,000, or double the value of the products involved if such double value exceeds \$10,000, or imprisoned not more than one year, or both, in the discretion of the court, and the owner of the agricultural products so converted, used, or removed may, in the discretion of the Secretary of Agriculture, be reimbursed for the value thereof out of any fine collected hereunder, by check drawn on the Treasury at the direction of the Secretary of Agriculture, for the value of such products to

the extent that such owner has not otherwise been reimbursed. That any person who shall draw with intent to deceive a false sample of, or who shall willfully mutilate or falsely represent a sample drawn under this Act, or who shall classify, grade or weigh fraudulently, any agricultural products stored or to be stored under the provisions of this Act, shall be deemed guilty of a misdemeanor and upon conviction thereof fined not more than \$500 or imprisoned for not more than six months, or both, in the discretion of the court.

SEC. 31. That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$50,000, available until expended, for the expenses of carrying into effect the provisions of this Act, including the payment of such rent and the employment of such persons and means as the Secretary of Agriculture may deem necessary in the city of Washington and elsewhere, and he is authorized, in his discretion, to employ qualified persons not regularly in the service of the United States for temporary assistance in carrying out the purposes of this Act, and out of the moneys appropriated by this Act to pay the salaries and expenses thereof. Appropriations for expenses.

SEC. 32. That if any clause, sentence, paragraph, or part of this Act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered. Invalidity of any part not to affect remainder of act.

SEC. 33. That the right to amend, alter, or repeal this Act is hereby expressly reserved. Amendments.









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**United States Department of Agriculture**  
**SERVICE AND REGULATORY ANNOUNCEMENTS No. 91**  
**(AGRICULTURAL ECONOMICS)**

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**REGULATIONS**  
**OF THE SECRETARY OF AGRICULTURE**  
**UNDER THE**  
**UNITED STATES COTTON FUTURES ACT**

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**EFFECTIVE JUNE 15, 1925**

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